DIRECTIVE

Employment Development Department
State of California

JOB TRAINING PARTNERSHIP ACT

Number: D99-12

Date: May 24, 2000
69:75:va:3657

TO: SERVICE DELIVERY AREA ADMINISTRATORS
PRIVATE INDUSTRY COUNCIL CHAIRPERSONS
JTPD PROGRAM OPERATORS
EDD JOB SERVICE OFFICE MANAGERS
WID STAFF

SUBJECT: PROPERTY AND CLOSEOUT

EXECUTIVE SUMMARY:

Purpose:

This directive provides guidance on disposal and transfer of the Job Training Partnership Act (JTPA) and Comprehensive Employment Training Act (CETA) property during the transition from the JTPA program to the Workforce Investment Act (WIA) program.

Scope:

This directive applies to all Service Delivery Areas (SDA), their subrecipients, and Job Training Partnership Division (JTPD) Program Operators.

Effective Date:

This directive is effective immediately.

REFERENCES:

- JTPA Sections 141(r), 165(e)
- Title 20 Code of Federal Regulations (CFR) Section 627.465
- Title 29 CFR Part 97
- Department of Labor (DOL) Training and Employment Guidance Letter (TEGL) 1-99, Subject: Closeout of State Formula-Funded Activities Under JTPA (August 3, 1999)
- DOL Technical Assistance Guide (TAG), Subject: JTPA Financial Closeout (2000)
- JTPA D97-17, Subject: Property Management (March 12, 1998)
- JTPA D95-36, Subject: Process for Return of Excess Cash (June 3, 1996)

STATE-IMPOSED REQUIREMENTS:

This directive does not contain any State-imposed requirements.

FILING INSTRUCTIONS:

This directive finalizes Draft Directive DD-26 issued for comment on April 11, 2000. Retain this directive until further notice.

BACKGROUND:

The JTPA sunsets on June 30, 2000, with the implementation of WIA. In an effort to ease the transition between the two programs, DOL consolidated the property disposition requirements. Disposal procedures for property purchased under CETA and JTPA prior to amendments are now the same instructions as those for JTPA post-amendment property.

POLICY AND PROCEDURES:

Definitions

Property includes CETA and JTPA property and equipment acquired prior to July 1, 1993, with an acquisition cost of $1,000 or more and JTPA property purchased on or after July 1, 1993, with an acquisition cost of $5,000 or more.

Accountable supplies, as defined by DOL for closeout purposes, means aggregate supplies with a fair market value of $5,000 or more. Supplies include equipment, that is not property, such as computers, telephone equipment, calculators, furniture, copy machines, fax machines, and supplies such as pens, pencils, paper, etc.

For purposes of this directive in the "Policy" section, subrecipient means SDAs, their subrecipients and JTPD Program Operators.

Policy

The fair market value of property at the time of disposal determines the procedures required for disposition. Property with a fair market value of $5,000 or more must follow the procedures for disposition identified in Directive D97-17, Subject: Property Management. With the end of the JTPA program, the timing of the disposal affects the use of the cash received from the disposal. The DOL Financial Closeout, TAG states:

> "Funds received from the sale or disposition of equipment with a current fair market value (FMV) of $5,000 or more prior to closeout of the JTPA program may be used to reduce JTPA expenditures. Funds received from the sale or disposition of this type of equipment after closeout of JTPA may not be retained for grant purposes and must be returned to ETA in accordance with 29 CFR Parts 95.34(g) and 97.32(e)(2) of the DOL administrative regulations. Therefore, it is important that States and subrecipients inventory equipment to ensure that all excess items that are not to be utilized in WIA or JTPA closeout are sold prior to the end of the closeout period."

Fair market value must be determined for property and accountable supplies that are **not** being transferred to the WIA program. Subrecipients who will not be providing WIA services, and who dispose of accountable equipment and accountable supplies after the close of the program, must remit the proceeds to the awarding entity. The subrecipients must return all such funds to the Employment Development Department following the procedures specified in Directive D95-36, Subject: Process for Return of Excess Cash.

Property that is transferred to WIA will be transferred with the appropriate inventory records based on the purchase price. No fair market value assessment is required for this property.

If the subrecipient is part of a local government that has procedures for determining fair market value, the SDA should follow those procedures. All other subrecipients should use reasonable and prudent methods for establishing fair market value. Methods for determining fair market value include, but are not limited to:

- Auctions
- Classified advertisements for similar used items
- Dealers
- Licensed appraisers

The selling price of an item that is sold through auction, advertisement, or a dealer is the fair market value of the item regardless of any prior estimates. An item that is not sold but retained by the entity has a fair market value based on similar items that are offered for sale, using the selling price if known.

For automobiles, trucks, and vans, the standard authority on the value of used vehicles is the Kelley Blue Book. This is accessible on the Internet at www.kbb.com.

Depreciated value is not fair market value, nor a determining factor in establishing the fair market value.

At the close of JTPA, accountable supplies must be transferred to WIA. If the SDA will become the Local Workforce Investment Board (LWIB), the accountable supplies would continue to be used by the entity. If the SDA will not become the LWIB, the accountable supplies not used for closeout must be offered to the entity responsible for providing WIA services in the area.

Subrecipients who will not provide WIA services may keep or dispose of property and accountable supplies with a fair market value of $5,000 and above. Subrecipients must reimburse the JTPA program or DOL for the value of this property, less any disposition costs following the guidance provided in the TEGL 1-99, as noted above.

ACTION:

Bring this directive to the attention of all affected staff and all subrecipients.

INQUIRIES:

Please direct inquiries about this directive to your program manager, at (916) 654-7799 or Jean Cole, Local Policy Guidance Unit, at (916) 654-8284.

/S/ BILL BURKE
Chief